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SUBJECT: THE GOR'S "SECRET" VISIT TO KYRGYZSTAN

¶1. (SBU) Summary: On July 7 Russian Minister of Defense Anatoliy Serdyukov and Deputy Prime Minister Igor Sechin made a brief, unannounced visit to Kyrgyzstan to discuss Russia's interest in opening a second Russian military base in the southern Kyrgyz city of Osh. The base is expected to house Russian forces under the aegis of the recently created Collective Security Treaty Organization (CSTO) rapid reaction force. Experts consider the base to be a response to the growing U.S. presence in Central Asia, and shared Kyrgyz and Russian concern for Islamic extremism and the growing regional narcotics trade. End Summary.

A Second Russian Base in Kyrgyzstan

¶2. (SBU) After visiting Dushanbe, MinDef Anatoliy Serdyukov and DPM Sechin briefly visited Bishkek on July 7 to hold closed talks with Kyrgyz President Kurmanbek Bakiev and Prime Minister Igor Chunidov. According to press reports, they mainly discussed Russia's interest in opening a second Russian military base in the southern city of Osh. Russia intends to use an abandoned Soviet-era military facility near Osh as a basis for a new military base that will largely house Russian air force and airborne units. The Russian MFA downplayed the significance of the visit by stating that Russia had established basing rights in Kyrgyzstan in a 2003 agreement.

Russia Threatened by U.S. Presence in Central Asia

¶3. (SBU) Kyrgyzstan is the only country in the world that houses both Russian and U.S. bases; Russia already occupies the Kant Air Base near Bishkek. Seeking to offset U.S. influence in Central Asia and assert Russian influence in Kyrgyzstan following the GOK's acceptance of a continued U.S. military presence in Manas, experts considered Russia's request for a second base in Osh to be a product of Russia's concern over a growing U.S. presence in the strategically important region bordering Afghanistan. Experts further noted that an expanded Russian military presence in Kyrgyzstan would supplement Kyrgyzstan's weak military and help Russia fight against threats such as Islamic extremism and the growing narcotics trade.

Military-Economic Quid-pro-Quo

¶4. (SBU) During the July 7 talks it was agreed that the GOR (presumably Rosboronexport) would receive significant stock in a number of Kyrgyz defense industries, in particular, controlling stake in a Dastan Corporation torpedo producing factory located near Lake Issyk-Kul. (Note: in a February 2009 agreement, Moscow obtained a 48% controlling stake in Dastan in exchange for writing

off Kyrgyz debt owed to Russia). The Dastan plant is the only factory in the CIS that produces the VA-111 Shkval missile torpedo. Experts posited that the stock was given to elicit Russian favor for moving forward with the previously announced Russian debt concessions and financial credits given to Kyrgyzstan, including for the construction of the Kambaratinsk Hydroelectric Dam in central Kyrgyzstan.

15. (SBU) Experts speculated that the two countries also discussed Russia's interest in the privatization of the Kyrgyz energy firm Kyrgyzgaz and possible Russian investment in the recently opened Kyrgyz Tash-Kumrskogo plant that produces inexpensive high-quality polycrystalline silicon. The silicon plant however, is not yet producing at full potential; plant owners are seeking an added investment of USD 200 million dollars.

BEYRLE